

**“A Perspective on the Satellite Industry”**  
**A Presentation to the Commission by Donald Abelson, Chief, International Bureau**  
**September 10, 2003**

Good morning Mr. Chairman and Commissioners.

This morning I'd like to present the first in a series of annual discussions on the commercial satellite industry. I am joined at the table by Tom Tycz, Chief of the Satellite Division, and Irene Wu, Assistant Chief of the International Bureau's Regional and Industry Analysis Branch.

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I will make three points.

First, the industry is growing.

Second, satellites uniquely affect our everyday lives, have a critical role in government policy, and contribute solutions to security concerns.

Third, the Commission has been taking actions that will streamline its procedures and enable healthy competition in the sector.

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While other industries are still in the throes of the digital transition, the satellite industry has already made the digital migration - leading to growth in voice, digital broadcasting, and data communications. Today, the satellite industry benefits from efficiencies derived through second and, sometimes, third generation digital compression techniques. And yet, this migration also poses a challenge to growth as less capacity for the same amount of services.

The satellite industry represents less than five percent of the telecom market. Yet, as both competitive platform and backbone provider, satellites reach into almost every aspect of modern daily life.

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Consumers use satellites when they

- Access the Internet in a rural community
- Swipe a credit card at a gas station
- Withdraw cash from an ATM
- Fill a prescription at a pharmacy
- Watch a news program on television

Companies use satellites when they

- Utilize e-medicine facilities
- Deliver TV programs to cable head ends
- Backhaul their broadcasts to TV stations
- Analyze their crop production
- Track their shipments nationwide

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Some satellite services are especially visible to consumers. Over the past decade, via receivers on their roofs of their homes or their cars, more and more consumers directly receive satellite services. Such services are the fastest growing segment of the industry.

U.S. satellite video subscriptions have consistently been the fastest growing segment of the multi-channel video programming services. Over the past 5 years, DBS subscribership has grown from just over 10 million in 1998 to nearly 20 million at the end of last year.

The recent introduction of satellite radio is changing the way we tune in. Satellite radio providers had about 800,000 subscribers by mid-2003 and expect to nearly double their subscribers by the end of the year.

Coming soon, satellites with enhanced capabilities will provide broadband Internet service to subscribers.

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While satellites play a major role for consumers and businesses, the satellite industry is also key in two major policy areas before the Commission: homeland security and disaster relief, and rural service provision.

Events over the past few years have highlighted that satellites are key to preventing and responding to national and local crises.

On land, when crises occur, such as the recent power outage, satellites provide critical communications.

At sea, when there are medical emergencies or air evacuations, ships rely on the Global Maritime Distress and Safety System.

In the air, for services like plane tracking, cabin surveillance, and black-box telemetry, satellites support the next generation of air traffic management systems.

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As urban consumers worry about whether 100 tv channels are enough or which cell phone ringtone to download, our rural communities are still struggling to get advanced television and Internet services. Rural consumers have long known that satellites uniquely have the ability to reach them when other providers are unwilling to do so.

- Satellite images in Alaska support economic development and community outreach.
- Satellite distance learning in U.S. universities allows them to teach students across the country and the globe.

- Satellite radio systems in states like New Mexico and Texas deliver data to police officers in rural areas.
- Satellite TV subscribers in states like Arkansas, Idaho, and Minnesota, exceed cable subscribers.

But there is more that satellites can do. In the near future, the International Bureau will spotlight how satellites can contribute to solving the problems of rural communities.

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Today I'd like to announce that the International Bureau, along with the Consumer and Governmental Affairs Bureau and the Office of Strategic Planning and Policy Analysis will host a forum on January 27, 2004 here at the Commission.

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I conclude with this report with list of actions that the Commission is taking to enhance the industry's ability to address its challenges and to allow healthy competition within and across technologies.

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I am particularly proud of the successful launch just two weeks ago of the Commission's new Satellite licensing rules and procedures. With this new streamlined process firmly in place, we will react rapidly so that the industry can act quickly.

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Thank you for this opportunity to present a perspective on the commercial satellite industry.

In summary:

- the Bureau's analysis reveals that the industry is growing,
- it serves the nation as a competitive platform and a critical backbone, and
- has benefited from this Commission's efforts to streamline rules to enable healthy competition.

I look forward to continuing this discussion next year.